

FILED  
DISTRICT COURT

MAR 23 PM 4:03

THIRD JUDICIAL DISTRICT  
SALT LAKE COUNTY

BY VS  
CLERK

CHÉ ARGUELLO, Bar No. 12412  
Assistant Attorney General  
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Utah Attorney General  
5272 South College Drive, #200  
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**Attorneys for Plaintiff**

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IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR  
SALT LAKE COUNTY, STATE OF UTAH

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THE STATE OF UTAH. : Bail \$ \_\_\_\_\_  
Plaintiff, :  
vs. : **CRIMINAL INFORMATION**  
: Case No. 111902202  
**BRYCE LEE KARL,** :  
DOB: January 6, 1964 :  
Defendant. : Judge \_\_\_\_\_

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The undersigned, upon oath, states on information and belief that the defendant has committed the following crimes:

**SECURITIES FRAUD**  
a second degree felony, 1 count

**THEFT**  
a second degree felony, 1 count

**COUNT 1**  
**SECURITIES FRAUD**  
a second degree felony

Commencing on or about October 2008, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **JODELL and**

**CHRISTINA HILLS**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

**COUNT 2**  
**THEFT**  
**a second degree felony**

From on or about October 2008, the defendant obtained or exercised unauthorized control over the property of another (**Jodell and Christina Hills**) with a purpose to deprive them thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

PURSUANT to Utah Code Annotated §78B-5-705(2008), I declare under criminal penalty of the State of Utah that the foregoing is true and correct.

AUTHORIZED for presentment and filing this 23<sup>rd</sup> day of March,  
2011.

  
By: CHÉ ARGUELLO  
Assistant Attorney General

This CRIMINAL INFORMATION is based upon evidence from the following witnesses:

1. Jodell Hills
2. Christina Hills
3. And Others.

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THIRD JUDICIAL DISTRICT  
SALT LAKE COUNTY

BY: VC  
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IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR  
SALT LAKE COUNTY, STATE OF UTAH

---

THE STATE OF UTAH, :  
 :  
 Plaintiff, : **AFFIDAVIT OF PROBABLE CAUSE**  
 :  
 vs. :  
 :  
 **BRYCE LEE KARL** : Case No: 111902202  
 DOB: January 6, 1964 :  
 :  
 Defendant. : Judge: \_\_\_\_\_

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STATE OF UTAH )  
 :ss  
 COUNTY OF SALT LAKE)

I, DOUGLAS WAWRZYNSKI, being first duly sworn upon oath, depose and state as follows:

1. I am currently employed as a full time securities compliance investigator with the Utah Division of Securities. I am currently investigating violations of securities fraud statutes and related criminal code violations by Bryce Lee Karl ("Karl").

2. The facts set forth in this affidavit are based upon the results of an investigation during which I have collected and reviewed records from witnesses and other sources. I have received information from Jodell Hills, Christina Hills and others.

#### **PARTIES**

3. Karl, at all pertinent times, resided in Utah. Karl's last known address is 1888 N 1640 W Provo, UT 84604. Karl has never held a securities license.
4. Karl Hospitality, Inc. is not registered with Utah Department of Commerce, Division of Corporations.
5. Karl Investment Holdings, LLC was registered with the Utah Department of Commerce, Division of Corporations. Karl Investment Holdings, LLC's registration expired on August 5, 2009. Bryce Karl and Diana Renee Karl were the registered managers of Karl Investment Holdings, LLC. William John Sefcik was the registered agent.
6. Jodell Hills and Christina Hills are married and reside in Utah. Hills last known address is 2892 S Lewis Park Dr Bountiful, UT 84010.

#### **BACKGROUND**

7. Between October 2008 and March 2009, Karl offered, through phone conversations and personal meetings at Applebee's in Draper, UT, to sell shares of stock in Karl Hospitality, Inc. to Hills.
8. Stock shares are securities as defined by Utah Code §61-1-13.

9. On or about March 13, 2009, the Hills met with Karl at a hotel in Salt Lake City, UT, to sign a subscription agreement to purchase shares in Karl Hospitality, Inc.
10. On or about March 13, 2009, Hills transferred \$50,000 from their Wells Fargo bank account to another Wells Fargo bank account. Bank records reflect the destination account is in the name of Karl Investment Holdings, LLC and Karl is the sole signer on the account.
11. Prior to any investments, Karl did not provide investors with the information ordinarily provided in a prospectus, including but not limited to: financial statements, descriptions of the backgrounds of the company officers and directors, a list of the risk factors relating to the investment, and a discussion of the company's business operations.
12. Karl did not disclose other material facts to investors, including but not limited to: Karl did not discuss suitability factors for the investment; Karl did not discuss the possibility of investors losing all of their principal investment; Karl did not discuss his track record with previous investors, including any delinquencies in payments to prior investors, including but not limited to failing to deliver \$400,000 to investor Desmond Clark on January 15, 2009 for Clark's investment in Teton Air Ranch, LLC.; Karl did not disclose if the shares offered were registered or exempt from registration; Karl did not state what would happen with the funds if he failed to raise the necessary capital; Karl did not discuss his involvement in prior debt collection or breach of contract proceedings,

including but not limited to debt collection proceedings found in Calgary, Canada court records with disposition dates ranging from May 6, 1996 to November 12, 2008; Karl did not disclose he had an outstanding warrant for his arrest for larceny in Colorado; Karl did not inform Hills investor funds would be used for non-corporate purposes; and, Karl did not say if he was licensed to sell securities.

13. Karl represented to Hills he had already obtained the rights to be a franchisee of Five Guys.
14. Investors are still owed \$50,000 in principal alone.

**COUNT 1**  
**SECURITIES FRAUD, a second degree felony**  
**(Jodell and Christina Hills)**

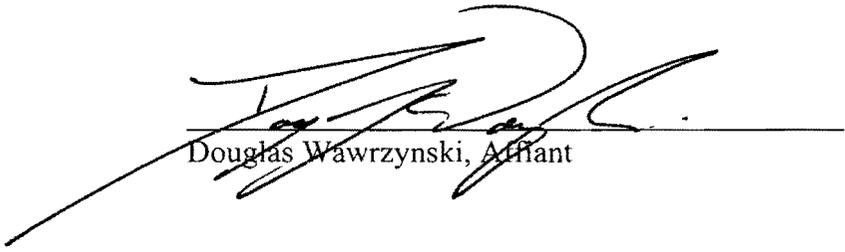
15. Prior to the investment, Karl failed to provide Hills with the information found in paragraphs 10 and 11 of this affidavit.
16. Prior to the investment, Karl made omissions of material facts found in paragraphs 11 and 12 of this affidavit.
17. Prior to the investment, Karl made misrepresentations of material facts found in paragraph 13.

**COUNT 2**  
**THEFT, a second degree felony**  
**(Jodell and Christina Hills)**

18. Karl represented to Hills he would deliver certificates of shares of stock in Karl Hospitality, Inc. on or before March 20, 2009. Karl failed to do so.
19. Karl represented to Hills that he would use Hills's funds for corporate purposes. Karl used more than \$5,000 for purposes other than corporate purposes. Those unauthorized purposes include, but are not limited to, paying pre-existing personal debts of Karl and using funds for Karl's personal expenses.
20. Hills authorized Karl to use the funds for corporate purposes. Hills did not authorize Hills funds to be used for any other purpose.
21. Karl represented to Hills, Hills could cash out their shares with sixty days written notice. Karl failed to refund Hills's funds after a written request was made.
22. Karl obtained money from Hills and exercised unauthorized control of the money with the purpose to deprive Hills thereof.

PURSUANT to Utah Code Annotated §78B-5-705(2008), I declare under criminal penalty of the State of Utah that the foregoing is true and correct.

EXECUTED on this 23<sup>rd</sup> day of March, 2011.

  
\_\_\_\_\_  
Douglas Wawrzynski, Affiant



**YOU ARE THEREFORE COMMANDED** to arrest the above named defendant forthwith and bring the defendant before this court, or before the nearest or most accessible magistrate for setting bail. If the defendant has fled justice, you shall pursue the defendant into any other county of this state and there arrest the defendant. The offenses listed above are felonies.

Bail is set in the amount of \$ 50,000.- Cash only

DATED this 23 day of March, 2011



HONORABLE,  
JUDGE, THIRD DISTRICT COURT



Defendant's Last Known Address:

1888 North 1640 West  
Provo, UT

